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January 25, 2002

Rebecca Hesse

Trina Attorney, Antitrust Division  
Department of Justice  
601 D Street, NW, Suite 1200  
Washington, DC 20530

Dear Ms. Hesse,

**The Microsoft Lawsuit is Bad for Business and Bad for Consumers.**

For many, the idea of attacking one of the most successful companies in American history, and its CEO, Bill Gates, sounds like fun. But the Department of Justice's pursuit of Microsoft is no laughing matter, having cost American taxpayers well over \$35 million in litigation so far and the meter is still running.

*The reality is that this lawsuit does nothing to benefit consumers. It does however benefit Microsoft's competitors, who after spending millions of dollars lobbying the Department of Justice to file this suit want a return on their investment. Also, it benefits the lawyers who have made a fortune on both sides of this issue... and the Attorneys General and bureaucrats, who are making political hay, back home by demonizing Microsoft. The real beneficiaries are the powerful anti-Microsoft forces, not consumers.*

**The Cost To Businesses and Consumers is Just Too High.**

Rather than protecting consumers, drastic remedies such as breaking up Microsoft would be a disaster for consumers and businesses. The integration and standardization Windows brought us has been a boon for the public as well as for our economic productivity. What Bill Gates understood, much to his competitors' chagrin was that consumers – people who use computers, not *live* computers – want an affordable and reliable system that works with and understands other systems.

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Trial Attorney, Antitrust Division  
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January 25, 2002  
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Government intervention into the world of high tech programming and design sets a dangerous and potentially disastrous precedent. Dictating to Microsoft what technology it can develop to increase the effectiveness of existing products or meet the rapidly expanding needs of users could stifle the technological innovation that has been the hallmark of our high tech, internet economy.

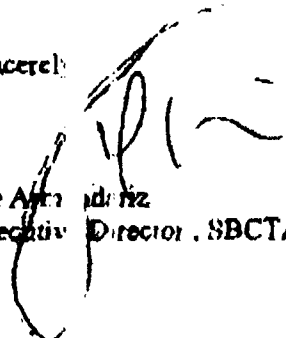
One could argue in fact that the genesis of the huge decline in the Nasdaq, which so far has resulted in more than \$2 trillion of lost wealth, is primarily the result of the government's sustained attack on Microsoft's right to innovate. After all, today Microsoft, tomorrow Intel.

Over the past 10 years, Microsoft has lowered its prices, created a better product, and invested enormous sums of money in research and development. This doesn't sound like monopolistic behavior by any standard.

The government's pursuit of Microsoft has cost the American taxpayer over \$35 million so far with devastating results for state and private pension funds, and small investors, all over the country. Nationwide, state pension funds have lost \$144.2 billion. Here in California, since the March, 2000 breakdown of mediation on the case, Public Employee Retirement System funds have dropped more than \$59 billion while the State Teacher Retirement fund lost \$15 billion.

We hope the consent decree is adopted and the federal lawsuit is dropped. If not, it may be time to call on our elected representatives to do the right thing and allow Microsoft to continue its history of investment, innovation and improvement. The American economy depends on it.

Sincerely,



Joe A. Idriz  
Executive Director, SBCTA